



STRICTLY CONFIDENTIAL

June 12th, 2006

رسالة مسرّة

كم هو المبلغ المطلوب
إيجاد

SENT VIA TELEFAX TO: 00-9702-297-4976

Total Pages ≈ 2

CONFIRMATION VIA E-MAIL TO: aalhasan@pif.ps

Dr. Mohamed Abdallah Mostafa
Chief Executive Officer
Palestine Investment Fund (PIF)
Ramallah, Palestine

Re: Legal Bar to Fund Transfer

Dear Mr. Mostafa:

This will respond to your letter dated June 4, 2006 to Mr. Naguib Sawiris, which is the latest of a series of communications from PIF urging Orascom to defend the U.S. court's restraining notice.

To confirm our prior communications to PIF, Orascom is legally barred under the restraining notice from transferring funds to PIF. The restraining notice, which has served upon Orascom officials while in the United States, expressly prohibits Orascom from transferring funds to PIF, identified by name and not merely implicit in the term "Palestinian Authority". We understand, but firmly disagree with, PIF's view that the restraining notice is not binding on Orascom. While Orascom is a company established under the laws of Egypt, an Egyptian court or other authority in jurisdiction over the matter at issue, Orascom will not pay PIF under and until the restraining notice is determined to be invalid by the U.S. courts. If Orascom were to violate the restraining order by transferring the funds, not only could Orascom be subject to contempt of court, but the judgment creditors could bring a separate action against Orascom that may render Orascom personally liable to the judgment creditors for the amount of the funds.

Please be assured that Orascom continues to consider the funds as payable to PIF, pending resolution of the U.S. restraining notice litigation. If the restraining notice is invalidated, Orascom fully intends to pay the funds to PIF, from Orascom's receipt of its calendar year 2004 dividends as a shareholder in Orascom Telecom Algeria, subject to the legal fees incurred by Orascom from litigating the matter in the U.S. courts.



We understand PIF's position that it is not considered part of the Palestinian Authority organization. Orascom urges PIF to appear in the U.S. courts to establish this fact, which could lead to a lifting of the restraining notice as to assets and debts owed to PIF. Our understanding from court records is that PIF was served with judicial process by one U.S. court but has failed to appear. Another U.S. court has stated that only PIF, and not Orascom, has legal standing to dispute the alleged link between PIF and the Palestinian Authority. This latter statement was made only recently and PIF remains free to appear and present argument on its own behalf. While we alert you to this circumstance as a matter of courtesy, Orascom disclaims any responsibility to keep PIF abreast of developments in the U.S. litigation as PIF has its own counsel fully capable of doing so.

Finally, your closing threat "to undertake all necessary actions that it sees fit" is unproductive and, indeed, unappreciative of the significant efforts that Orascom has exerted to fulfill its contractual obligations to PIF. Not only has Orascom mounted a strong defense against the restraining notice for the benefit of PIF, Orascom and its officers and even those who have business with Orascom or its affiliates have been subject to considerable harassment and inconvenience in the process. Should PIF act against Orascom, Orascom would of course have to consider the advisability of continuing its legal efforts in the United States to permit itself to pay the funds to PIF.

Sincerely,

A handwritten signature in black ink, appearing to read "Neuwied".

Amr El Bayoumi
Vice President, Legal Affairs
Orascom Telecom Holding S.A.E.